

ORDINANCE NO. 2

AN "INDUSTRIAL TAX EXEMPTION" ORDINANCE PROVIDING FOR THE EXEMPTION FROM PROPERTY TAXATION THE ACTUAL VALUE ADDED TO INDUSTRIAL REAL ESTATE BY NEW CONSTRUCTION OF INDUSTRIAL REAL ESTATE AND ACQUISITION OF OR IMPROVEMENT OF MACHINERY AND EQUIPMENT ASSESSED AS REAL ESTATE.

BE IT ENACTED BY THE BOARD OF SUPERVISORS OF O'BRIEN COUNTY, IOWA:

SECTION 1. Tax Exemption.

A. Partial Exemption. This article does hereby provide for a partial exemption from property taxation of the actual value added to the industrial real estate by the new construction of industrial real estate, warehouses, distribution center, and the acquisition of or improvement to machinery and equipment assessed as real estate pursuant to Section 427A.1, subsection (1), paragraph e of the 1985 Code of Iowa.

B. New Construction. New construction as referred to herein means new buildings and structures and includes new buildings and structures which are constructed as additions to existing buildings and structures.

C. Reconstruction. New construction does not include reconstruction of an existing building or structure which does not constitute complete replacement of an existing building or structure or refitting of an existing building or structure, unless the reconstruction of an existing building or structure is required due to economic obsolescence and the reconstruction is necessary to implement recognized industry standards for the manufacturing and processing of specific products and the reconstruction is required for the owner of the building or structure to continue to competitively manufacture or process those products which determination shall receive prior approval from the Board of Supervisors of O'Brien County upon the recommendation of the Iowa Development Commission.

D. New Machinery and Equipment. The exemption shall also apply to new machinery and equipment assessed as real estate pursuant to Section 427A.1, subsection (1) paragraph e of the 1985 Code of Iowa, unless the machinery or equipment is part of the normal replacement or operating process to maintain or expand the existing operational status.

E. Warehouses and Distribution Centers. Warehouse means a building or structure used as a public warehouse for the storage of goods pursuant to the Sections 554.7101 through 554.7603, except that it does not mean a building or structure used primarily to store raw agricultural products or from which goods are sold at retail. Distribution center means a building or structure used primarily for the storage of goods which are intended for subsequent shipment to retail outlets.

F. Duration. The partial exemption shall be available until such time as this Ordinance is repealed by the Board of Supervisors of O'Brien County, Iowa.

G. Amount of Exemption. The actual value added to industrial real estate for the reasons specified in this article is eligible to receive a partial exemption from taxation for a period of five years. "Actual value added" as used in this article means the actual value added as of the first of the year for which the exemption is received, except the actual value as determined by the assessor as of January 1st of each year for which the exemption is received. The amount of actual value added which is eligible to be exempt from taxation shall be as follows:

1. For the first year, seventy-five percent.
2. For the second year, sixty percent.
3. For the third year, forty-five percent.
4. For the fourth year, thirty percent.
5. For the fifth year, fifteen percent.

However, the granting of the exemption under this section for new construction constituting complete replacement of an existing building or structure shall not result in the assessed value of the industrial real estate being reduced below the assessed value of the industrial real estate before the start of the new construction added.

H. Application.

1. An application shall be filed for each project resulting in actual value added for which an exemption is claimed. The application for exemption shall be filed by the owner of the property with the local assessor by February 1st of the assessment year in which the value added is first assessed for taxation. Application for exemption shall be made on forms prescribed by the director of revenue and shall contain information pertaining to the nature of the improvement, its costs and other information deemed necessary by the director of revenue.

2. A person may submit a proposal to the Board of Supervisors of O'Brien County to receive proper approval for eligibility for tax exemption on new construction. The Board of Supervisors, by ordinance, may give its prior approval of a tax exemption for new construction if the new construction is in conformance with the zoning plans for O'Brien County. The prior approval shall also be subject to the hearing requirements of this article. Such prior approval shall not entitle the Owner to exemption from taxation until the new construction has been completed and found to be qualified real estate. However, if the tax exemption for new construction is not approved, the person may submit an amended proposal to O'Brien County to approve or reject.

I. Repeal. When in the opinion of the Board of Supervisors continuation of the exemption granted this article ceases to be of benefit to O'Brien County, the Board of Supervisors may repeal this Ordinance, but all existing exemptions shall continue until their expiration.

J. Limitation on Tax Exemption. A property tax exemption under this article shall not be granted if the property for which the exemption is claimed has received any other property tax exemption authorized by law.

SECTION 2. Enactment. This Ordinance may be enacted not less than thirty days after holding a public hearing in accordance with Section 358.6 of the 1985 Code of Iowa.

SECTION 3. Repealer. All ordinances or parts of ordinances in conflict with the provisions of this Ordinance are hereby repealed.

SECTION 4. Severability Clause. If any section, provision or part of this Ordinance shall be adjudged invalid or unconstitutional, such adjudication shall not affect the validity of the ordinance as a whole or any section, provision, or part thereof not adjudged invalid or unconstitutional.

SECTION 5. Legal Authority. The exemptions hereby granted are authorized under Chapter 427B of the 1985 Code of Iowa, and subject to interpretation thereof and to the Administrative Rules of the Iowa State department of Revenue.

SECTION 6. When Effective. This Ordinance shall be in effect from and after its final passage, approval and publication as provided by law.

ATTEST: Cheryl Elgersma
County Auditor

Harrison C. Fisch
Chairman, Board of Supervisors

PASSED by the Board the 31st day of March, 1986.